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FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 4226
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 000574

STATE FOR WHA/CEN, EB/IFD/OIA, AND L/CID STATE ALSO FOR WHA/EPSC STATE PASS TO USTR TREASURY FOR INL AND OWH

E.O. 12958: N/A

TAGS: EINV ECON USTR KIDE OPIC CASC NU

SUBJECT: NICARAGUA: 2009 EXPROPRIATION REPORT

REFS: A) STATE 49477, B) 08 MANAGUA 1546

- 11. (U) This cable provides proposed language for the Nicaragua chapter of the 2009 Report on Investment Disputes and Expropriation Claims. Embassy will e-mail a comprehensive annex with details of confiscated property claims by June 15 per reftel request.
- 12. (U) Property claims resolutions in Nicaragua continue to consume the time and energy of former owners and government officials. Since 1990, thousands of Nicaraguans and other nationals registered more than 28,000 claims with the Nicaraguan government for homes, farms, bank accounts, and other assets expropriated during the 1979-1990 Sandinista era. Although most were Nicaraguans at the time of expropriation, some were, or subsequently became, U.S. citizens.
- 13. (U) Between January 1995 and June 1, 2009, a total of 1,137 U.S. citizens registered 3,193 property claims with the Embassy. Of these, 2,584 have been resolved, primarily through compensation in the form of long-term, low-interest, government issued bonds. The estimated face value of these bonds is US\$339,755,164. In isolated cases, claims have been resolved through the return of property, cash compensation or, in one instance, a land swap. Most claimants (i.e., 870 of the 1,137) who have registered their claims with the Embassy were not U.S. citizens at the time of expropriation. Another 2,020 U.S. citizen claims not registered at Embassy Managua have been resolved by government authorities without Embassy assistance.
- ¶4. (U) As of June 1, 2009, 284 U.S. citizens await the resolution of 592 Embassy-registered active claims. Fifty-eight claimants, accounting for 106 of these outstanding claims, were U.S. citizens at the time of confiscation. Embassy Managua employs one American officer, one Nicaraguan attorney, and one Colombian-trained attorney who is an Eligible Family Member to assist U.S. citizen claimants.
- 15. (SBU) During the course of the last 12 months, the Nicaraguan government has improved its cooperation with the Embassy to advance U.S. claims. Between August 1, 2008, and June 1, 2009, the government resolved 34 U.S. citizen claims registered with the Embassy, including 12 out of 146 U.S. claims previously dismissed in a nontransparent manner and without due process (Ref A).
- 16. (SBU) On December 11-12, 2008, senior State Department officials held a bilateral review of Nicaragua's property claims resolution process. The results of the bilateral review were a clear articulation of U.S. policy against the dismissal of 146 U.S. claims, the establishment of a Liaison Office for U.S. Citizen

Claims, the formation of a Nicaraguan Government commission to review cases involving U.S. citizen claims that have languished in court, and the publication of the Nicaraguan Government's property claims compensation process on the Attorney General's website (Ref B).

- 17. (SBU) Although the Liaison Office for U.S. Claims has improved communication between the Embassy and Nicaraguan Government, the Ortega administration has limited cooperation on casework between Embassy and Nicaraguan working-level officials to once-a-month meetings. All other communication is conducted through official correspondence between the Ambassador and the Attorney General. In May 2008, the Nicaraguan government lifted a ban on Embassy officials' participation in meetings between U.S. citizen claimants and the Attorney General.
- 18. (U) The Embassy will continue to press for swift and suitable resolution of outstanding U.S. citizen property claims in accordance with Section 584 (c) (i) of H.R. 4818, the Consolidated Appropriations Act, 2005. Section 584 specifically precludes adding claims registered after August 1, 2005, for inclusion in waiver determinations based on Section 527 of the Foreign Relations Authorization Act of FY 1994/1995. The Embassy also assists U.S. citizens seeking restitution for claims not registered under the aforementioned act.

CALLAHAN